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I

In answer to the universal question being asked by employers, "How can labor be made more efficient and more contented?" it would be an easy matter to analyze traditional practices in the handling of labor, to point out their defects, and to outline a comprehensive program of numerous specific modifications designed to eliminate the most glaring defects. Such a course of action would involve a survey of all jobs in the plant with the view of eliminating in so far as possible all disagreeable and fatiguing conditions; re-rating of jobs in accordance with skill, agreeableness of work, and responsibility; careful job analyses to determine the qualifications needed to fill each job; careful hiring of workmen by specialists in order to obtain men especially qualified for each job; careful instruction and follow-up of new men, transfer of those proving to be misfits, maintenance of individual efficiency records, and systematic promotion of men in accordance with merit; careful training of foremen in methods of handling men; creation of a real opportunity for men to present their grievances, preferably to a committee composed entirely of workers or perhaps of representatives of the management and workers; abandonment of the piece-rate cutting system; and many other specific reforms.

Desirable and important as are many of these, does a program of specific reforms in managerial practices, even though it may be comprehensive, go to the heart of the problem of labor administration? Is the problem of the reform of the management of labor simply a problem of eliminating certain practices in the handling of men which are productive of inefficiency or discontent and substituting other specific practices which foster efficiency and good will?

The need for reform in the administration of labor, even viewed as we are viewing it, from the point of view of employers, it should be noted, was not created by the recent extraordinary labor situation. It existed for decades before the war. For years the fundamental labor policies of employers had been at variance with their self-interest, although employers as a whole remained oblivious to the conflict, even after the "scientific managers" had called attention to the situation in most emphatic and convincing terms. It was within five years of the outbreak of the war that the movement to reform labor administration became widespread, and the war itself, with its scarcity of labor, its abolition of labor docility, and its high labor costs, was required to force on the attention of employers in general the serious shortcomings in their customary methods of handling men.¹

The pursuit by employers for years of labor policies so distinctly at variance with their interests indicates that there is

¹ A summary of the principal characteristics of the traditional methods of handling labor illustrates the sharp conflict between these methods and the interest of the enterprises. The traditional management of labor had two principal characteristics: crudity and reliance upon drive methods as a means of increasing output. Its crudity is illustrated by disregard of obvious fundamentals of labor efficiency, such as:

1. The fact that different jobs require different qualifications and that different men have different qualifications, and therefore each man must be carefully selected with reference to the job for which he is hired.

2. The fact that the quantity which can be produced depends upon the methods which are used and that the ordinary worker is incapable of determining the best and easiest method.

3. The fact that output may be greatly increased if the workers, instead of being left to train themselves or to be trained by non-experts, are given systematic instruction by experts.

4. The effect of physical conditions of work—light, heat, and air—upon working

more to the problem of the administration of labor than the mere correction of specific defects in prevailing methods of handling men. Why did the employers fail to adapt their labor policies to the obvious interests of their enterprises? Granting that by reforms, methods of labor administration can be made to correspond closely with what is now employers' self-interest, what assurance is there that, as new situations arise requiring modifications of or additions to policies, the causes which led employers to disregard their true interests in the past will not prevent adjustment of labor policies to the new situations? The fundamental problem in the reform of labor administration from the employers' standpoint seems to be the provision of means by which employers will be kept informed of what their true interests in regard to labor are and by which their labor policies will be kept constantly adjusted to their real interests.

capacity; and particularly the disregard of the fatigue factor and failure to study it and to take measures to reduce it.

5. The fact that prospect of advancement on the basis of merit along a definite and clearly perceived road is an incentive.

6. The fact that aggrieved men tend to withhold their best, and that a drive policy is not powerful enough to prevent them from withholding it.

7. The fact that workers are capable of contributing numerous valuable ideas for improvement of processes and product, and will do so if properly approached.

8. The fact that men can be induced to respond to liberal and considerate treatment by giving better service, instead of simply taking advantage of it.

The traditional method of making workers more productive was to push and drive them, to demand more of them, put pressure on them, rather than to assist them to develop their proficiency and to reward them for putting forth their best effort. The threat of discharge, the pace-setter, the cut piece-rate, bonuses to foremen and gang bosses based on the output of their men, were the typical instruments of this system of management.

In some instances, especially in sweated industries and in industries where immigrants, women, or children were largely employed, the drive system succeeded in greatly speeding up production. Taking the country as a whole, however, the effect of the drive system seems to have been the opposite of what was intended, for it was largely responsible for a tacit conspiracy among workers to restrict output. This deliberate restriction of output, which was largely a result of the piece-rate cutting policy, was almost universal, and resulted in the output of most shops being far below what the workmen could easily accomplish.

Not only did the drive system of management result on the whole in limitation rather than in increase of output, but it was a most potent cause of antagonism between workers and management. The basic principal of the system, that the workers could be coerced into giving the largest output of which they were capable without

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The failure of managements to perceive the conflict between their methods of handling men and their self-interest was due to their failure to give careful attention to the subject of labor administration, which in turn was due to the concentration of responsibility for formulating and executing labor policies in executives who also were in charge of manufacturing operations and responsible for output and costs. The remedy, therefore, would appear to be the addition of a general officer of high rank whose sole responsibility is the formulation and the supervision of the execution of the labor policies of the enterprise. The principal reasons for the addition of such a specialist are:

1. Adequate attention is not likely to be given to problems of labor management when their administration is in charge of the factory manager or production manager because the problems of labor administration cannot ordinarily compete with the problems of production for the attention and interest of the executive. In the first place, it is a peculiarity of the problems of production that they are problems of immediate importance which cannot be postponed. Production schedules must be arranged and

a corresponding increase in their pay, was, of course, naturally calculated to produce trouble. But the effect of the drive system went farther. The successful operation of the system required that the workmen submit to being driven. In applying the drive system, therefore, the management was compelled to seek to create a docile and submissive attitude on the part of the workers. This could be done only by overawing and cowering them, causing them to feel a sense of weakness and dependence, and, above all, by causing them to fear the management. The management, therefore, deliberately pursued a policy designed to cause its men to fear it. It maintained as a matter of policy a brusque, more or less harsh, distant, and stern attitude toward the men. To be lenient or friendly or considerate, to give ear to complaints or to redress grievances, was regarded as "pampering" them. To indulge in this would ruin discipline, cause the men to think they had rights which they did not have, or cause them to think that the management was weak and could be bluffed or "worked." The result would be to foster discontent, to stimulate arrogant demands, to create trouble instead of good will. Above all, the men must be made to feel that the management was strong and powerful, determined to have its way and not to be trifled with. The greater the fear of itself which the management produced by the drive policy, the greater the ill will it created against itself. Although the drive system failed to develop a high degree of efficiency, it laid the foundation of industrial unrest broad and deep.

maintained. Unforeseen impediments, delays, and problems constantly develop which require immediate attention. The problems of handling men, on the other hand, do not press for such immediate consideration. They can be postponed or neglected without usually producing serious results—immediately. In the second place, defective production arrangements cannot escape notice. They advertise themselves most effectively by a falling-off in output, failure to maintain schedules, and a rise in costs. Defects in the administration of labor, however, have no such effective means of advertising themselves, for as a rule they produce no immediate, sharp, clearly defined effects. Unless someone is carefully scrutinizing methods of labor administration, important defects may exist indefinitely without their presence being suspected. Finally, executives prefer to concentrate their attention upon the improvement of manufacturing processes because such improvements produce more direct, immediate, certain, and definitely recognizable increases in output or reduction in costs for which the executives receive credit. The results of technological changes in manufacturing processes follow directly, immediately, and inevitably as a mere matter of mechanics. It is even possible to forecast with reasonable accuracy what the benefits from a given technological change will be, and when the change is made the benefits attributable to it are definitely ascertainable. Improvements in methods of handling men produce no such direct, certain, immediate, and easily distinguishable effects. Especially is this true of those improvements in labor administration which exert their effect upon output and costs only indirectly through creating better industrial relations. Better industrial relations are created gradually by the men slowly becoming aware of an honest intention to deal with them liberally. The superior efficiency which results from a force of more willing, stable, and skilful workmen cannot be accurately estimated in advance nor even subsequently ascertained, for the numerous mechanical improvements which are constantly being made obliterate the effects of the gradually acquired better industrial relations. Given the choice of pursuing either or both of the forgoing methods of increasing output and

lowering costs, is it to be wondered that the officials prefer the quick, direct, and certain method, with its definitely predictable results, to the slow and roundabout one with its unpredictable and unascertainable results?

2. The preoccupation in the problems of manufacturing processes, technology, and production schedules to the exclusion of adequate attention to labor administration, which occurs when responsibility for the conduct of manufacturing and of labor administration is concentrated in the same official, severely hampers the management in obtaining the good will and loyalty of the workers. If the workmen believe that the management is indifferent to them, that it does not desire their good will nor consider it worth while to cultivate it or that it bears them no good will itself, obviously they will bear the management no good will. In the first place, before they will extend their good will to anyone they must feel that it is wanted, that it will be esteemed and appreciated. In the second place, like men in general they will extend their good will and loyalty only to those who they see bear a similar good will toward them and who take a genuine interest in their welfare. They demand the good will of the management for their own good will; they demand interest on the part of the management in their welfare for their own interest in the welfare of the enterprise; and they repay indifference to their welfare with indifference to the welfare of the enterprise.

When the principal executives in charge of manufacturing are so largely absorbed in technological problems that they give only incidental attention to labor administration, the workmen are unable to feel either that the management desires their good will or that it bears them any substantial good will itself, and they react accordingly. In order to win the good will of the men, an official is needed of sufficient authority and importance to impress his attitude upon the spirit and fundamental policies of the enterprise, whose sole responsibility is the administration of labor, who represents the interest of the enterprise in the good will of its workmen, and one of whose principal functions is to cultivate this good will.

3. A specialist labor administrator is desirable to give stronger representation to the long-run point of view in handling labor. The factory manager and the divisional and departmental heads who are responsible for maintaining production schedules each day and for costs from week to week or month to month are interested primarily in more efficiency *immediately*, rather than a year or two hence. They are therefore under a strong temptation to sacrifice efficiency in the long run for immediate efficiency. To cut piece rates means an immediate saving, although the long-run effects of piece-rate cutting are to kill incentive, limit production, and increase costs. Therefore these officials are inclined to countenance or to engage in piece-rate cutting.¹ Drive methods of handling men result in immediate increases of output, although in the long run these gains are largely offset by the killing of all spontaneous co-operative spirit, by the repelling of the best men from seeking employment at the plant, and by greater labor turnover. These officials therefore are inclined to prefer drive methods to the more roundabout but more desirable incentive methods of stimulating output. To raise wages means an immediate increase in costs, although a high-wage policy in the long run is often the more economical. These officials therefore are disposed to pursue a low-wage instead of a high-wage policy.

The labor administrator is better able to see the long-run connection between the methods of handling labor and the efficiency of the force than is the executive who is struggling each day to get out the production scheduled for that day or to beat his last week's or last month's cost record. More especially is the labor administrator able to do this since these short-sighted policies all hamper him in the maintenance of cordial industrial relations. By representing the long-run as opposed to the short-run point of view the labor administrator tends to be a protector of a valuable capital asset—the good will of the workers—

¹ Piece-rate cutting is still practiced liberally even in factories which claim to cut no rates. When it is desired to cut a rate, the cut is camouflaged by making a slight and inconsequential change in the job and putting an entirely different rate upon it.

against tendencies to dissipate it for immediate but temporary benefits.¹

Of particular importance is the protection alluded to above, which the labor administrator affords against piece-rate cutting—unquestionably one of the most potent causes of inefficiency in modern industry. The labor administrator opposes arbitrary cutting of piece rates—both the direct cutting and the more dangerous indirect cutting by the subterfuge of changing the job slightly and putting an entirely different rate on it—for cutting rates arouses the enmity of the men and enormously complicates his task of preserving good relations.²

If a bonus or premium system prevails, the same temptation, though of less intensity, exists to alter the standard time or the standard task as under the piece-rate system to cut piece rates. The labor administrator has the same opposition to the altering of the standards as he has to piece-rate cutting. If he has a voice in the determination of standards he will tend to prevent arbitrary alteration of them and hence help to preserve the power of the bonus or premium system to stimulate production. Because the labor administrator is naturally hostile to practices the incidental effects of which are to destroy the incentive of workmen to increase production, he should be reckoned one of the strongest influences making for industrial efficiency.

4. Specialization of the management of labor is needed to obtain in the formulation of policies more adequate representation of the interest of the enterprise in good industrial relations.

¹The pursuit of the short-sighted policies against which the labor administrator acts as protector may be likened to the payment of dividends out of capital. For these short-sighted policies are all pursued only at the expense of the good will of the workers, and this good will is analogous to fixed capital since it yields a return in the form of better co-operation, more willing and careful workers, attraction of a higher grade of workers, greater stability of the force, and freedom from strikes.

²In some instances, however, the labor administrator may desire to have a rate cut, as when he feels the high earnings on a certain job are causing other workmen to be dissatisfied with their earnings. The prevention of dissatisfaction of this sort is a reason frequently advanced in defence of rate cutting. It appeals particularly to foremen who are interested in cutting the rate for other reasons. The labor administrator will experience more difficulty than foremen in seeing the necessity for rate cutting to allay the jealousy of other workmen.

The interest of an enterprise is not a simple thing. It is a complex thing, a balance and compromise of particular and partially conflicting interests. The judgment of each executive in regard to the interests of an enterprise is affected by the particular interest of the enterprise which it is his function to promote. Sales manager, purchasing agent, auditor, advertising manager, comptroller, factory manager, production manager, chief engineer, each tends to have a mere or less exaggerated idea of the importance of the particular interests of the enterprise which are intrusted to him. The factory manager, who is responsible for output and costs, naturally tests the desirability of policies and practices by their effect upon production and costs. Whatever makes possible an increase in output or a decrease in costs he tends to regard as *ipso facto* desirable, and whatever tends even temporarily to interfere with the maintenance of production schedules, to impede the productive processes, or to increase costs, he tends to regard as *ipso facto* undesirable. And so important do production and costs loom in the mind of the factory manager that he often fails to give due weight to other factors which affect the desirability of managerial policies.

The interest of the enterprise in its industrial relations is not merely subordinate to its interest in production and costs, admissible only in so far as attainable without prejudice to the latter interest. It is a distinct and independent interest, co-ordinate with the enterprise's interest in output and costs, qualifying and limiting it, and warranting within limits the sacrifice of output and costs. The principle of the margin of safety applies to the handling of men as well as to mechanics. Just as an engineer in constructing a machine or a bridge does not build it merely strong enough to do the work or to bear the load intended but incurs an additional cost in order to provide a margin of safety, so in handling men sound policy often requires acceptance of avoidable costs and of avoidable losses in output in order to render good industrial relations *doubly secure*. The good will of the workers is of sufficient importance to the enterprise to justify the maintenance of a liberal margin of safety.

When the determination of labor policies is vested in the factory manager, the principle of the margin of safety as applied to industrial relations is in danger of being inadequately observed. In his zeal to make a good record of output and costs, the factory manager is likely to give inadequate attention to the effect which he is producing upon industrial relations, often straining industrial relations almost to the breaking point to obtain more output or lower costs, instead of observing the wide margin of safety which the importance of good industrial relations renders desirable. The creation of a specialist labor administrator imposes a wholesome check upon the undue sacrifice of the interest of the enterprise in good industrial relations to its interest in lower costs and more output. The labor administrator is, of course, as likely to overestimate the importance of good relations with labor as the factory manager and the production manager are to overestimate the importance of output and costs. He will be counteracted in his extremity by the counsel of the factory and production managers, just as he counteracts the extremities of the factory and the production managers. If the labor administrator is made a sufficiently important official reasonably to hold his own in disagreements with the factory and production managers, the result should be a compromise representing far nearer the real interest of the enterprise than the decisions made solely by the factory manager or the production manager.

5. The maintenance of high standards of practice in handling men requires that the practices of foremen and other minor executives in handling men be under the scrutiny of a high executive who gives these matters his careful attention.

This is simply a specific application of a well-accepted principle of management. By no miracle will high standards of practice in labor administration create themselves. They will be created only by being taught and their observance insisted upon. The minor executives who handle labor, the employment manager, safety engineer, plant physician, welfare manager, head of the instruction department, foremen and gang bosses, will be assiduous, zealous, and painstaking in their work in the degree that they are inspired and stimulated to observe high standards and held

strictly accountable for the methods they use and the results they produce. An executive is needed possessing such familiarity with the best practice in labor administration as to enable him to appreciate what high standards of labor administration in its various branches are, with the enthusiasm and interest in labor administration to enable him to inspire minor executives with a similar enthusiasm, and with sufficient time to enable him to instruct minor executives in the best practices, to keep in close touch with them, and to hold them strictly accountable for their methods of handling men. Such qualifications can be expected only in a specialist.

Doubly strong is the need for central supervision of the methods of foremen and gang bosses in handling men. Foremen and gang bosses are production executives responsible for output and costs to the production manager or factory manager. But although nominally production executives, foremen and gang bosses are personnel executives in the sense that their principal duties consist in handling men. With the development of centralized planning and scheduling they become more and more purely personnel executives. Being constantly pressed for more output and lower costs, they are under a standing temptation to resort to shortsighted methods in order to produce immediate results (despite the fact that these methods in the long run are injurious to efficiency), and they will resort to them in a large proportion of cases unless responsible to an authority as potent as the production manager for their methods of handling men.

6. Specialization of the administration of labor is needed to enable the management of labor to be conducted with a keen realization of the workmen's point of view and an accurate understanding of their psychology. Not only are non-specialist executives, with their minds concentrated on manufacturing processes, output, and costs rather than on the men, and coming into close contact with the men but little, woefully ignorant of the minds of the men, their psychology, and their point of view, and also often little interested in informing themselves of these matters, but the nature of their work builds up in their minds a point of view so different from and even opposed to that of the workmen that even when

they seek to understand the point of view of their men they are frequently unable to do so. Adequate understanding of the psychology and point of view of the men can be expected as a rule only in those who come into contact with the men frequently, who have time and inclination to give special study to the subject, and who are free from ideas and prejudices which render it extremely difficult for them to see things as the workmen see them.

Illustrative of the neglect of psychological factors may be cited:

a) The tendency of managers to regard their men as substantially satisfied, whether they are or not. Managers find difficulty in seeing when their men are dissatisfied, and tend to belittle their dissatisfaction and to underestimate the concessions necessary to allay it. This is illustrated by the surprise with which managers frequently are taken by strikes.¹ They are at a loss to account for the trouble—they frequently fall back on the comfortable assurance that the bulk of the men were satisfied, after all, and that the strike was the work of a few trouble-makers. Before the war the typical manufacturer's interpretation of the whole labor movement seemed to be that it was a movement organized among perfectly contented men by a few professional agitators.

b) The tendency of managers to underrate the intelligence and the qualities of character of the men in the shop. This is illustrated by:

(1) Failure to appreciate the ideas which men are capable of contributing to the improvement of product and manufacturing

¹ To be taken by surprise by a strike of unorganized men spontaneously revolting against poor treatment is not an infrequent occurrence yet seldom does it lead to the dismissal of high officials. In most instances such a strike is indicative either of serious lack of information which it should be the business of the management to possess or of failure of the management to appreciate the significance of facts which it does know. In either case such a strike draws into question the competency of the management and in the absence of extenuating circumstances should subject responsible officials to the same censure or penalties as any other serious fault in management. The tendency has been for business men to regard strikes as something beyond their control, as misfortunes rather than results of faulty management, and the occurrence of spontaneous strikes of the kind mentioned has not brought on managers the stigma and censure which they deserve. When boards of directors hold managers as strictly accountable for strikes as they do for other managerial failures, the administration of labor will take an important step forward.

processes and to develop organized means of encouraging such contributions. Suggestion systems exist in relatively few establishments, and in a large proportion of these are not highly developed or actively pushed, but are more or less moribund, existing in name rather than in fact.

(2) Failure to give adequate consideration to such subtle factors as interest and pride in work. Managers have imagined that interest and pride in work were beyond manual laborers, that they were capable of being interested only in the money in the job. Consequently managers have failed to analyze the factors upon which interest and pride in work depend and (with exceptions conspicuous by their fewness) to pursue policies designed to develop these attitudes.

c) Miscellaneous practices of varying importance exist in most plants, which are indicative of an overlooking of psychological considerations. Illustrative of such practices are:

(1) Compelling deserving men to ask for an increase in pay before giving it to them. When a man must ask for his increase, half its value in promoting good will toward the company is lost. A management which prides itself on its efficiency should be ashamed to compel a deserving man to ask for a raise.

(2) Failure to keep wage-rates properly adjusted between various classes of help, such as old and new men. A shop regarded as unusually progressive in its treatment of labor was recently hiring unskilled laborers at 45 cents and assigning them for instruction in their work to men of several years' experience receiving 40 cents. Similar discrepancies prevailed throughout the force to the intense discontent of the old employees.

(3) Refusal to grant minor liberties during working hours. For example, many workmen, especially foreign-born, wish to take a few minutes about nine or ten o'clock to eat a light lunch. This is permitted in many shops and is greatly appreciated. Other shops, however, will not tolerate it. No output is gained by denying this privilege. Only resentment is created.

(4) The special psychological problem presented by the new man is inadequately appreciated in most establishments. Little

is done to introduce him into the organization, to make him feel at home, to guard him against discouragement during his first days on unfamiliar work, or to assist him to gain confidence that his job neither is as difficult nor has as little money in it as often appears to him during the first few days.

(5) The adoption of a narrow and niggardly attitude by the management in regard to various petty matters is often provocative of far more irritation than their importance warrants.

Many companies penalize a workman who is a minute or two late by fifteen minutes' or half an hour's loss of pay. No objection exists to this, providing the workmen are not expected to work during the time for which they receive no pay. The foreman, however, anxious to get out the work, frequently demands that the late comer start work at once, much to the resentment of the man, who correctly feels that the time for which he is not paid is his own in which to do what he pleases. Often it is necessary for a workman, in order to finish a long machining operation, to work five or ten minutes overtime. For this small amount of overtime he receives no pay. Ordinarily the workman would not object to this, but when he is docked for one or two minutes' lateness, he cannot help wondering why he should not be paid for extra time when he is unable to leave at a regular quitting time. If the company counts single minutes, why not count them for as well as against workmen?

Another petty cause of dissatisfaction is the difficulty often experienced in obtaining permission to lay off for a day or two. In the absence of regular vacations for workers, requests for permission to lay off are entitled to particular consideration, and every effort should be made to grant a reasonable number of such requests. Too often, however, the workman receives the answer, "We cannot spare you." This answer is both unconvincing and irritating because the workman reflects, "When they want to fire you, they have no trouble sparing you, and when you want more money, they tell you to get out if you aren't satisfied." He cannot understand the peculiar difficulty in sparing him which

seems to prevail at the particular times when he wishes a short lay-off.¹

d) A striking example of the failure to understand workmen's psychology is the incurring of large expenditures for welfare work, while doing little or nothing to improve conditions in the shop, or in methods of handling men. Managers have failed to realize how little an impression is made by all they do for their men out of the shop and off the job compared to what they do to improve conditions in the shop and the treatment of men while on the job. To provide welfare facilities for the men when off the job, while neglecting to see that they receive better pay, treatment, and conditions while on the job, merely arouses their contempt at the clumsiness of the efforts to purchase their good will cheaply.

7. Specialization of the management of labor is needed to reduce the prejudices on the part of the management in dealing with questions of labor policy. Employers have been severely handicapped in handling labor by fixed ideas which have blinded them to their interests and caused them to take stands which gained them nothing but the ill will of their men. Numerous examples of such prejudices can be cited. The philosophy of the drive policy, that the only way to get much out of labor was to "treat it rough," is an example. A corollary of this, that attempts to obtain the good will and co-operation of labor by liberal treatment are futile since labor will simply take advantage of liberal treatment rather than respond to it, is another example. The well-nigh universal rule that in a dispute between a workman and foreman the foreman must be upheld, right or wrong, in order to maintain discipline has caused much friction and discontent. Experience proves that this practice, which makes a farce of the appeal to the manager or the president which exists in theory in most plants, is by no means essential, that adroit handling of disputes will render it possible both to do justice and to save the face of the foreman.

¹ The fear of being refused a lay-off causes most workmen to remain away without requesting a lay-off, giving on return the excuse that they were sick. Thus the absence is not prevented and the management has no notice that it is to occur. By giving assurance that lay-offs will be granted liberally within reasonable limits the management should be able to obtain notice in a large percentage of cases.

Probably the most outstanding example of a prejudice which has caused great friction is the opposition to the eight-hour day. Abundant experience shows that, instead of a loss in output being inevitable under the shorter day, it is highly problematical in a given case what the effect will be; but that even if a decrease in output occurs, it is far from proportional to the decrease in working time. The conclusion is unescapable that the interest of employers in the question of the eight-hour day is far less than they have supposed, and that it is too small to compensate them for the ill will which they arouse by stubborn opposition to the shorter day against a deep-seated demand for it.

Specialization of the management of labor is of course no guarantee that the administration of labor will be controlled by carefully determined self-interest, but the specialist administrator is less likely than a non-specialist to be guided by traditional attitudes. Non-specialists lacking time and inclination to investigate problems of labor policy naturally fall back on traditional points of view. The specialist has both the time and the interest to investigate, and being charged with the specific function of maintaining high standards of labor administration, feels a peculiar sense of responsibility for the methods he uses and the policies he pursues. Study of the problems of labor administration constantly reveals to him their complexity and the danger of being guided by dogmatic conclusions.

8. Success in getting problems solved depends largely upon the energy and persistence with which they are attacked. Solutions of extremely difficult problems are obtained as a rule only by some one's demanding that a solution be found in spite of the apparent impossibility, insisting in the face of seemingly insurmountable obstacles that there must be a way of overcoming the difficulties, and causing the problem to be studied until a solution is found. There can be no reliance that the exceptionally difficult problems of labor administration will be attacked in this manner as long as the executive responsible for labor administration is a non-specialist whose interest in labor administration is quite secondary. The preoccupation of the non-specialist with other problems causes him readily to accept the exceptionally difficult

problems of labor administration as unsolvable, instead of insisting more emphatically than ever that they must be solved. To obtain the intensity of interest in labor administration which insists that solutions be found despite difficulties, which attacks the most difficult problems the more vigorously because they are difficult, the administration of labor must be concentrated under a specialist.¹

9. Efficient administration of labor requires possession of specialized knowledge and command of a specialized technique. The handling of men is not, as is sometimes supposed, simply a matter of personality and of ability to understand human nature. Many problems in labor administration require, not merely sound intuition or instinct in dealing with men, but ability to solve problems of a more or less technical nature. This renders desirable a knowledge of practices and policies which have been successful in solving the same problems elsewhere. A considerable fund of experience has been accumulated concerning methods of dealing with many problems of labor administration. This fund is rapidly being enlarged. As few general rules and principles have as yet been drawn from this experience, it is premature to speak of an established technique of labor administration, but familiarity with the accumulated experience is of the utmost value. The fund of experience on the various phases of labor administration is so large and growing so rapidly that only a specialist can hope to be familiar with it.²

¹ An illustration of problems of labor administration which are likely to require persistent attack before solutions are found comes readily to mind. An important function of the labor administration is to make an intensive survey of all operations in the plant in order to discover every disagreeable or fatiguing feature and to work out ways of eliminating or minimizing them. In many jobs the way of eliminating or mitigating fatiguing or disagreeable features will not be clear. These features will appear to be an inseparable part of the work, unavoidable if the job is to be done at all. The prospect of mitigating or eliminating them will appear so hopeless as to deter prolonged efforts to find a way. It is precisely in such cases that unyielding insistence is needed that the problem be not given up and the experts be given no rest until they find a solution.

² Among the phases of labor administration concerning which a considerable accumulation of technical information exists are: methods of getting in touch with good prospective employees, of sizing up applicants for employment, of introducing new men into the organization, of training men (shop schools), of reducing absenteeism,

It may be objected that the detailed technical information can be supplied by the various specialists in immediate charge of each branch of labor administration, such as the employment manager, plant physician, safety engineer, head of the shop school, or welfare manager. These various minor officials in charge of specific phases of labor administration, however, must be responsible to a higher official.¹ To enable this superior official accurately to appraise the work of the subordinate officials and to equip him to offer suggestions and criticisms he should be familiar with the technique of labor administration and with the practices of other plants.

The subordinate specialists in charge of specific phases of labor administration cannot all be expected to be of strictly first-class executive ability. Though suitable for *executing* policies, they may not be suitable for *determining* fundamental labor policies. They are likely to lack the requisite shrewdness of judgment and boldness and originality of imagination, to be too timid in their conceptions of what the labor administration can hope to accomplish and therefore of what it should endeavor to accomplish, and to be dominated by tradition and prejudices. In the field of labor administration particularly, where traditional prejudices are strong and firmly established, is some one with bold and original imagination and willingness to break with the past needed to formulate policies.

10. Although the essential thing in winning the confidence and co-operation of a force is a liberal labor policy, the personality and character of the executive who handles labor is an important factor. The handling of grievances, one of the most important and most delicate tasks of the labor administrator, illustrates the need in the labor administrator for highly specialized qualities of personality. Among these are insight into other men's points of view,

of promoting health, safety, and thrift, the use and value of a medical department, apprenticeship training, methods of training foremen, wage-payment systems, employees' suggestion systems, employees' benefit associations, profit-sharing, shop committees, the value of and methods of conducting various forms of welfare work, methods and value of getting in touch with the homes of the workers, methods of promoting better housing, methods of teaching English to foreigners and of promoting Americanization of foreigners, and many others.

¹ For a discussion of the need of this supervision see under point 5 above.

ability to put one's self in another's place, even in an opponent's place, ability to win the confidence of other men, particularly the complainant, who is likely to regard all representatives of the management as prejudiced against him and hostile to him and as intending to deceive him rather than to give him fair treatment, ability to draw frank statements from timid or hostile witnesses, and, most difficult of all, ability to convey to the complainant the point of view of the management, to make him see the management's side, and to convince a complainant who is in the wrong that he is wrong and that his complaint is not being arbitrarily decided when it is decided against him.

11. Specialization of labor administration is needed to bring into the highest councils of the management more thorough knowledge of and stronger interest in the more fundamental though less immediately practical aspects of the labor problem. The typical manager of a non-union enterprise is inadequately informed in regard to the labor movement, its practices, policies, ambitions, philosophies, strength, prospects, tendencies of change within it, and the reasons lying behind these specific phases of the movement. He is hampered in obtaining information by publications of employers' and manufacturers' associations and speeches of their officers and attorneys, which too often foster intolerance and prejudice rather than spread information. Even though knowledge of the matters alluded to above be unnecessary in the daily conduct of the business, it cannot be regarded as a healthy situation from the standpoint of either the public or employers when the men who exercise such powerful influence over the lives of thousands are so scantily informed of affairs in the class upon which their actions exert such profound effects.

12. Specialization of management of labor means in time the creation of a body of professional labor administrators. This means the creation of a professional spirit, professional ideals, and professional standards of conduct. This professional spirit and these professional standards may be expected to exert a liberalizing influence upon the standards of labor administration. The profession will desire to stand well before the public, to make its name one of honor and prestige, to make labor administration an esteemed

calling. To do so the profession must stand for ideals which find favor with the public, liberal ideals, ideals of public as well as private service. These ideals of the profession, like those of older professions, will not exert a radical influence upon the membership, but their tendency will be liberalizing. Nor will the public or the workers be the only beneficiaries of this liberalizing influence. The danger in labor administration is not that the treatment of labor will be *more* liberal than the interests of employers warrant, but that it will be *less* so. The liberalizing influence of professional ideals and standards, therefore, is likely to cause labor administrative practices to conform more, rather than less, nearly to the true interests of employers.

III

The type of labor administrator assumed in the discussion above differs radically from the heads of most existing labor departments (known variously as employment managers, directors of personnel, labor managers, service managers, supervisors of industrial relations, etc.). The authority of the head of the typical labor department is confined to employment, welfare work, safety, sanitation, and medical work. Under employment may be included power to lay off, discharge, promote, transfer, and grant raises to individual workmen. In regard to those matters which most intimately affect industrial relations, wages, handling of men by foremen, hours, grievances, and discipline, the head of the labor department has little or no authority. The wage scale and the wage policy, whether a high- or low-wage policy, are determined by the factory manager, the general manager, or the president, or sometimes by the board of directors. The head of the labor department may be consulted, but if so, he usually is merely a subordinate adviser to the high officials who do the real deciding.¹

¹ The lack of influence of labor managers upon wage policies is reflected in the fact that few establishments possessing labor departments have much more of a wage policy, in so far as the wage level is concerned, than to maintain a scale roughly approximating the prevailing rates in the community. Refinements of this crude policy, such as paying rates distinctly above the market for common labor and boys and from the superior type of labor thus obtained developing the more skilled classes of help, periodically readjusting wage-scales in accordance with the indexes of the cost of living, standardizing wage-rates in accordance with the nature of the work,

The choice of the wage-payment system for various types of work, whether piece work, gang piece work, time work, or bonus, and, if bonus, the methods of computing the bonus and the percentage of earnings paid for various degrees of efficiency, matters most intimately affecting industrial relations, are usually decided by the factory manager, the production manager, or the foremen. The setting of piece rates or the determination of the standard time or the standard task is under the control of the foremen or of specialist time-study men who have no direct responsibility for industrial relations.

Next to wages, the treatment of workmen by foremen and gang bosses probably most intimately affects industrial relations. Although the labor department adjusts differences between foremen and workmen and calls the attention of foremen to practices which increase their labor turnover, only in rare instances does the typical labor department possess real control over the practices of foremen in handling men.

Working hours are a matter of custom and are regarded as more or less permanent and beyond the sphere of the labor department. Overtime work, a matter intimately affecting industrial relations, is governed solely by the necessities of production and is under the control of the production department.

Finally, the head of the typical labor department lacks adequate authority over discipline and grievances. Discipline, with the exception in some cases of the right to discharge, rests with the foreman. Complaints which workmen bring to him the head of the labor department often takes up with the foreman informally, but he usually lacks authority (except in cases of discharge) to overrule the decision of the foreman or to require foremen to pursue courses of action which will prevent repetition of the complaint.

providing for systematic increases on account of merit or duration of service, have been adopted by only a few enterprises.

The head of the labor department often has authority to raise the wages of individuals as a reward for efficiency but in so doing he is expected to make no radical departures from the wage-scale of the plant.

Influenced by experience in obtaining and holding help, the head of the labor department often takes the initiative in recommending general changes in the wage-scale. In doing this he is simply advising changes in the rates rather than initiating a change in the wage policy.

If the labor administrator is to be responsible for industrial relations and the efficiency of the force, he must have a real voice in all decisions which intimately influence industrial relations and the efficiency of the force. *Authority must be commensurate with responsibility.* Particularly must the labor administrator not lack a voice or have only a subordinate one in precisely those matters which most of all affect industrial relations and the efficiency of the force. The wage-scale of the plant should be determined primarily by the labor administrator, subject to the concurrence of the chief financial executive and the general manager. The choice of the wage-payment system, the decision between day work, piece work, and bonus, should be made jointly by the labor administrator and officials of the production department. The consent of the labor administrator should be required to give validity to any piece rate, standard task, or standard time, or to any change in any rate or standard time or task. He should have authority to have new time studies made when he considers a piece rate, a standard time, or a standard task unjust.

Hours of work should be recognized as of peculiar concern to the labor administrator. He should have the duty of suggesting changes in the hours at any time. Production executives should have no authority to order extensive overtime, Sunday, or holiday work without the concurrence of the labor administrator.

The labor administrator should have an equal voice with the factory manager in the selection of foremen and should supervise their training in methods of handling men, and the foremen should be responsible to him for their methods of handling men. A recently adopted practice in the control of foremen is periodically to rate them on the principal qualities of character and ability which their work requires.¹ The labor administrator should participate with the production manager and division superintendents in determining the ratings of the foremen in respect to qualities of personality and ability to handle men.

¹ A middle western manufacturer rates foremen quarterly on decision, initiative, foresight, concentration, exercise of authority, adaptability, dress, appearance, dignity, personality, tact, co-operation, positive disposition, self-control, energy, salesmanship, progressiveness, loyalty, amenability to discipline.

Finally, the labor administrator should be responsible for discipline and the handling of grievances. His approval should be necessary to put into effect any disciplinary action. Workmen should have the right to present grievances to him, and, where manufacturing arrangements or production schedules are not involved, his decision, subject to the right of the worker to appeal, should be final. In cases involving production policies or methods it should be the duty of the labor administrator after hearing the complaint to take it up with the other interested executives and with them to reach a decision.

More important than the variety of matters in which the labor administrator has a voice are his rank and influence in the organization. The labor administrator should equal in rank at least the production manager and preferably the general manager, having the title vice-president in charge of labor, the general manager being vice-president in charge of manufacturing. The principal reasons for the labor administrator's possessing high rank are:

1. High rank and corresponding authority and prestige are needed in order to obtain in him freedom from the domination of traditional points of view in regard to labor policies. Especially important is such freedom in bringing about adequate appreciation by the labor administrator of the interest of the enterprise in good industrial relations. The customary test applied by managers in judging the desirability of policies has been their definite, direct, and immediate effects upon output and costs. So firmly established is this test that men of unusual breadth of vision and independence are required in order adequately to appreciate those interests of the enterprise, the importance of which is not measured by direct and definite effects on output and costs. Industrial relations are one of those interests, for not only are good industrial relations important to the enterprise, quite independently of their effects upon output and costs, but the important effects which good or bad industrial relations do exert upon output and costs, instead of being direct, immediate, and definitely predictable, are largely indirect, remote, and impossible to predict or subsequently to ascertain with precision. The independence and vision needed by the labor administrator can be obtained only in men

of large caliber who can be attracted only by a position of high rank.

2. A labor administrator of high rank can be better relied upon to preserve and express his independent point of view, without which his value to the enterprise is largely lost. Subordinates have a tendency to cater to superiors by expressing views (regardless of their own views) which they believe agree with those of their superiors. Especially strong is this temptation likely to be in questions of labor policy concerning which liberal views are still regarded by many executives with distrust. Set down amid executives whose points of view on labor questions have been colored by traditions and prejudices created under the drive system and who imperfectly appreciate the desirability of a liberal labor policy, a labor administrator of secondary rank often may be expected to be timid in standing for labor policies of a distinctly liberal character.

3. To a large degree the labor policy of an enterprise must be determined not solely by the labor administrator but by the labor administrator and the production manager, factory manager, general manager, or president, subject often to the approval of the directors. Such matters as the wage scale, systems of wage payment, hours, overtime, regularization of production, selection of foremen, and alterations in physical conditions in the plant to promote the comfort of the workers, all involve joint decisions by the labor administrator and other high officials. To exert an important influence upon the labor policies of the enterprise, the labor administrator must be able substantially to influence the high officials in co-operation with whom he formulates the policies. To do this he must possess the ability and force obtainable only in highly paid men and the prestige and importance which attach to an official of first rank.

The need for the labor administrator's being an official of high rank in order to exercise a due influence in the formulation of policies is heightened by the fact that he has a peculiarly difficult point of view to present under peculiarly difficult circumstances. To executives interested chiefly in quick results and thinking in definite and easily visualized terms of output and costs, the labor administrator must present convincingly a long-run point of

view, expressed largely in terms of the intangible and indefinite good will of the force, impossible to translate into terms of direct, definite, and immediate influence on output and costs. A subordinate official has little chance of presenting such a point of view with success.

4. A labor administrator of high rank can better win the good will of the workmen toward the enterprise. Although the solicitude of a labor administrator of secondary rank for the interests of the men may dispose them kindly toward him *personally*, their good will will fail to accrue *to the enterprise as such* because they will regard the labor administrator as a mere subordinate whose point of view does not represent the real policy of the management. To win the good will of the men for the enterprise, the labor administrator must not only stand for a liberal labor policy but must be of such importance and influence in the management that the men regard his attitude not merely as his personal attitude but as an expression of the real labor policy of the enterprise itself.

5. The co-operation, confidence, and respect of the foremen and other minor executives can be obtained more successfully by an executive of high rank, great prestige, and corresponding ability.

IV

Two principal dangers threaten the possible usefulness of the labor administrator. One is that in standing for the recognition of the independent interest of the enterprise in good industrial relations, even to the extent of sacrificing output within limits or incurring avoidable costs, and in standing for a liberal labor policy in order to achieve good industrial relations, the labor administrator will be regarded by the management as an impractical "uplifter," as representing no real interest of the enterprise and hence as serving no practical purpose. The result, of course, will be to prevent the labor administrator from exerting a substantial influence upon managerial policy. Even where policies advocated by him are in the interest of the enterprise as tested by the narrow and inadequate test of effect on output and costs, the association of the labor administrator with visionary and impractical ideas is likely to prejudice other operating officials against his policies, especially

if the results promised by the policies are not direct and immediate but indirect and more or less remote. Thus deprived of a substantial influence in formulating fundamental labor policies, the labor administrator degenerates into a mere supervisor of their routine execution.

The second danger is that the labor administrator himself will be so dominated by the narrow point of view that he will fail adequately to appreciate either the significance of the good industrial relations from the standpoint of their effect upon efficiency or the independent importance to the enterprise of good industrial relations aside from their effect upon output or costs. The result will be that the labor administrator will become too intent upon getting more out of the men and too little interested in industrial relations. By this neglect of industrial relations not only will he partially defeat his purpose of getting more out of the men, but in failing to develop the good will of the workers he will fail to make one of the most important contributions to the welfare of the enterprise within his power to make.

Against these two dangers to which the labor administrator is exposed, of becoming on the one hand a nonentity, a supervisor of routine and of welfare work, and on the other hand merely another "efficiency engineer" specializing in "human engineering," there are several protections. One is the protection advocated above of making the position of labor administrator an office of first rank, carrying large authority and high salary with corresponding influence and prestige, and able to attract men of unusual ability, independence, and vision. A second protection is the increasing independence and self-assertiveness of labor. The taste of power and independence which labor as a whole obtained for the first time during the war has in large measure broken the habit of docility which rendered workers relatively easy to handle. Labor's changed attitude causes managers more easily to appreciate the desirability of a liberal labor policy, independently of its effect upon output and costs, and protects labor administrators in advocating such a policy from being regarded as mere "uplifters." Closely related to this second influence is the steadily growing power and influence of organized labor, which is causing managers to

perceive more and more clearly the necessity of a substantially liberal labor policy in order to avoid the organization of their plants.

In conclusion, an answer should be attempted to a question which has undoubtedly arisen in the reader's mind, "To how small an enterprise is the suggested specialization of labor administration applicable?"

Specialization of labor administration is probably applicable to much smaller enterprises than would at first be suspected. In large enterprises the labor administrator is completely occupied by the general supervision of the various phases of the handling of men. In small enterprises, however, he is not completely occupied by general supervision of the various phases of labor administration and hence can assume the direct responsibility for certain branches of the work. Thus in a small enterprise the labor administrator can take immediate charge of the employment department, rendering an employment manager unnecessary. The additional cost of a labor administrator to the firm is simply the difference between his salary and the salary of an employment manager—a matter of not more than several thousand dollars per year—plus probably the cost of additional secretarial assistance. The more satisfactory handling of labor problems obtainable by a specialist of first-rate ability renders the additional cost within reach of small enterprises.

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